Table 1

THE ADMINISTRATION'S PROPOSED FY 1989 BUDGET OUTLAYS BY FUNCTION

(In billions of dollars)

	Actual	Proposed			
	FY 87	FY 88	FY 89	FY 90	FY 91
National defense	282.0	285.4	294.0	306.2	320.2
Department of Defense - Military	274.0	277.3	285.5	297.3	311.0
Other	8.0	8.1	8.5	8.9	9.2
International affairs	11.6	9.9	13.3	13.1	15.9
General science, space, and technology	9.2	10.9	13.1	15.2	16.8
Energy	4.1	2.7	3.1	4.5	4.3
Natural resource and environment	13.4	15.1	16.0	14.7	15.8
Agriculture	27.4	22.4	21.7	19.5	18.5
Commerce and housing credit	6.2	12.4	7.9	8.6	6.8
Transportation	26.2	27.2	27.3	27.4	27.3
Community and regional development	5.1	6.3	5.9	5.9	5.2
Education, training, employment, and social services	29.7	33.7	37.4	39.1	38.5
Health	40.0	44.5	47.8	52.4	56.4
Medicare	75.1	78.9	84.0	93.7	104.0
Income security	123.2	129.6	135.6	140.6	146.4
Social security	207.4	219.7	233.8	248.5	263.4
On-budget	4.9	5.0	5.6	5.4	4.3
Off-budget	202.4	214.7	228.2	243.1	259.2
Veterans benefits and services	26.8	27.7	29.6	30.8	31.0
Administration of justice	7.5	9.0	9.9	10.3	10.5
General government	7.6	8.8	9.5	10.2	10.0
Central federal credit activities			-6.3	-7.7	-6.3
Net interest	138.6	147.9	151.8	156.7	159.6
On-budget	143.9	155.1	161.9	170.1	176.8
Off-budget	-5.3	-7.3	-10.1	-13.4	-17.2
Allowances:					
Civilian agency pay raises				0.9	2.1
Undistributed offsetting receipts:					
Employer share, employee retirement (on-budget)	-27.3	-28.7	-29.0	-31.0	-32.5
Employer share, employee retirement (off-budget)	-3.3	-4.3	-4.7	-5.5	-5.8
Rents and royalties on the Outer Continental Shelf	-4.0	-3.2	-3.9	-3.8	-4.1
Sale of major assets	-1.9		-3.3	-1.9	-0.2
Total undistributed offsetting receipts	-36.5	-36.1	-41.0	-42.2	-42.7
On-budget	-33.2	-31.8	-36.3	-36.7	-36.9
Off-budget	-3.3	-4.3	-4.7	-5.5	-5.8
Total Outlays	1,004.6	1,055.9	1,094.2	1,148.3	1,203.7
On-budget	810.8	852.8	880.9	924.2	967.6
Off-budget	193.8	203.1	213.3	224.1	236.1

Source: Budget of the United States Government, Fiscal Year 1989, Executive Office of the President, Office of Management and Budget (U.S. GPO, Washington, D.C.).

Table 2

THE ADMINISTRATION'S PROPOSED FY 1989 BUDGET OUTLAYS BY AGENCY

(in billions of dollars)

Agency	Actual FY 87	Proposed FY 88	Proposed FY 89	Proposed FY 90	Proposed FY 91
Legislative Branch	1.8	1.9	2.1	2.2	2.2
The Judiciary	1.2	1.4	1.7	1.7	1.8
Executive Office of the President	0.1	0.1	0.1	0.1	0.1
Funds Appropriated to the President	10.4	5.2	8.8	7.9	11.0
Agriculture	50.4	50.7	48.3	48.2	46.7
Commerce	2.1	2.5	2.6	3.5	2.2
Defense - Military	274.0	277.3	285.5	297.3	311.0
Defense - Civil	20.7	22.3	23.7	25.0	26.2
Education	16.8	18.8	22.7	23.9	23.2
Energy	10.7	10.5	11.8	12.8	13.5
Health and Human Services, except Social Security	148.9	160.4	168.6	181.3	196.0
Health and Human Services, Social Security	202.4	214.7	228.2	243.1	259.2
Housing and Urban Development	15.5	18.6	21.6	22.6	21.5
Interior	5.0	5.4	5.0	2.8	4.7
Justice	4.3	5.2	5.8	6.2	6.3
Labor	23.5	22.0	23.1	23.7	24.8
State	2.8	3.3	3.4	3.5	3.6
Transportation	25.4	26.3	26.4	26.5	26.4
Treasury	180.3	198.9	205.7	216.7	227.9
Environmental Protection Agency	4.9	4.9	5.1	5.4	5.2
General Services Administration	0.1	-0.1	*	0.2	0.2
National Aeronautics and Space Administration	7.6	9.1	11.0	12.7	14.1
Office of Personnel Management	27.0	28.5	30.5	33.9	35.5
Small Business Administration	-0.1	0.3	-0.4	-0.2	0.4
Veterans Administration	27.0	27.6	29.5	30.6	30.9
Other Independent Agencies	14.3	17.9	13.3	13.6	12.8
Allowances			*	0.9	2.1
Undistributed offsetting receipts	-72.3	-77.7	-89.9	-97.8	-105.6
Interest	-35.9	-41.6	-48.9	-55.6	-62.9
Other	-36.5	-36.1	-41.0	-42.2	-42.7
Total Outlays	1,004.6	1,055.9	1,094.2	1,148.3	1,203.7

*$50 million or less.

Source: Budget of the United States Government, Fiscal Year 1989, Executive Office of the President, Office of Management and Budget (U.S. GPO, Washington, D.C.).

Table 3

PROJECTED RECEIPTS BY SOURCE

(In billions of dollars)

Source	Actual FY 87	Proposed FY 88	FY 89	FY 90	FY 91
Individual income taxes	392.6	393.4	412.4	448.9	490.5
Corporation income taxes	83.9	105.6	117.7	129.3	140.6
Social insurance taxes and contributions	303.3	331.5	354.6	382.5	410.0
On-budget	89.9	91.6	96.1	100.1	104.0
Off-budget	213.4	239.9	258.5	282.4	306.0
Excise taxes	32.5	35.3	35.2	36.1	34.7
Estate and gift taxes	7.5	7.6	7.8	8.0	8.2
Customs duties	15.1	16.4	17.2	18.3	19.2
Miscellaneous receipts	19.3	19.4	19.8	20.9	21.3
Total receipts	854.1	909.2	964.7	1,044.1	1,124.4

Source: Budget of the United States Government, Fiscal Year 1989, Executive Office of the President, Office of Management and Budget (U.S. GPO, Washington, D.C.).

U.S. ECONOMIC OUTLOOK

	QUARTERS								YEARS			
	Actual		Forecast						Actual		Forecast	
	1987.3	1987.4	1988.1	1988.2	1988.3	1988.4	1989.1	1989.2	1986	1987	1988	1989
AGGREGATE ECONOMY												
Gross National Product (billions of dollars)	4524	4607	4667	4731	4807	4880	4967	5054	4235	4486	4772	5085
% Change	7.3	7.6	5.3	5.6	6.6	6.2	7.3	7.2	5.6	5.9	6.4	6.6
% Change (w/out inflation)	4.3	4.8	2.2	2.4	3.3	2.7	2.9	3.1	2.9	2.9	2.9	2.7
Consumer Price Inflation (CPI)	3.9	3.[illegible]	3.3	3.6	4.4	4.6	4.7	4.6	1.9	3.7	3.8	4.6
GNP Inflation (GNP Deflator)	2.8	2.7	3.0	3.2	3.2	3.5	4.2	4.0	2.6	3.0	3.4	3.9
Unemployment Rate - Civilian	6.0	5.9	5.8	5.8	5.9	6.0	5.9	5.9	7.0	6.2	5.9	5.8
Civilian Employment-Household Basis (millions)	112.9	113.5	114.1	114.5	114.7	115.2	115.7	116.2	109.6	112.4	114.6	116.4
Percent change	2.5	2.3	1.6	1.1	1.5	1.6	1.8	1.8	2.3	2.6	2.0	1.6
Index of Industrial Production	130.9	133.0	133.1	133.4	134.6	135.9	137.0	138.4	125.1	129.8	134.3	138.7
Manufacturing Capacity Utilization	81.4	82.2	82.4	82.5	82.6	82.7	82.8	83.0	79.7	81.0	82.6	82.8
Domestic Auto Sales	8.0	6.7	6.9	6.7	7.1	6.3	6.9	6.8	8.2	7.1	6.8	6.9
Federal Tax Receipts (NIPA) as % of GNP	20.4	20.4	20.1	20.2	20.1	20.3	20.6	20.6	19.5	20.4	20.2	20.6
Federal Expenditures (NIPA) as % of GNP	23.4	24.0	23.9	23.7	23.6	23.6	23.4	23.3	24.4	23.8	23.7	23.3
Deficit(NIPA)	-135.8	-165.9	-175.0	-164.5	-165.0	-161.2	-137.7	-133.2	-204.7	-152.8	-166.4	-134.7
as % of GNP	-3.0	-3.6	-3.8	-3.5	-3.5	-3.3	-2.8	-2.7	-4.8	-3.4	-3.5	-2.7
REAL ESTATE MARKETS												
HOME SALES												
Total Single-family Home Sales (thousands, single-family resales plus 97 percent of single-family starts)	4550	4467	4257	4324	4358	4374	4375	4429	4717	4649	4328	4431
Percent change -- year ago	-3.2	-10.9	-12.2	-8.8	-4.2	-2.1	2.8	2.4	10.9	-1.4	-6.9	2.4
Existing Single-family Home Sales (thousands)	3430	3420	3230	3250	3300	3325	3327	3365	3565	3526	3276	3380
Percent change -- year ago	-4.4	-12.1	-11.3	-10.6	-3.8	-2.8	3.0	3.5	10.9	-1.1	-7.1	3.2
Housing Starts (thousands)	1618.7	1532.7	1449.5	1522.4	1519.8	1533.5	1540.5	1548.5	1805	1633.9	1506.3	1545.6
Percent change -- year ago	-.8	-10.7	-18.5	-5.2	-6.1	0.1	6.3	1.7	3.6	-9.8	-7.8	2.6
Single-Family Units	1154	1089.7	1058.3	1107.4	1091.2	1081.8	1080.6	1097.4	1179	1156.6	1084.6	1083.7
Percent change -- year ago	-0.2	-6.2	-15	-2.6	-5.4	-0.7	2.1	-0.9	10.0	-2.2	-6.2	-0.1
Multi-Family Units	464.7	443	391.3	415	428.6	451.7	459.9	451.1	631	477.3	421.7	461.9
2-4 Family Units	55.3	56.3	49.8	52.8	54.5	57.5	58.5	57.4	84	65.7	53.6	58.8
Percent change -- year ago	-27.8	-35.5	-37.3	-26.7	-1.5	2	17.5	8.7	-10.1	-22.6	-18.4	9.5
5+ Family Units	409.3	386.7	341.5	362.2	374.1	394.3	401.4	393.7	542	411.6	368	403.1
Percent change -- year ago	-22.3	-17.3	-24.8	-8.6	-8.6	2	17.5	8.7	-5.9	-24.4	-10.6	9.5
New Single-family Home Sales (thousands)	663	635	590	643	659	692	664	697	750	674	646	687
Percent change -- year ago	-3.4	-10.7	-18.7	-4.3	-0.6	9.0	5.9	8.4	9.0	-10.1	-4.2	6.3
Mobile Homes Shipped (thousands)	241	232	233	241	241	245	246	249	249	233	240	249
HOME PRICES												
Existing Home Prices - Median ($1000)	85.5	84.4	86.8	87.3	90.2	92.5	93.4	94.0	80.3	85.6	90.1	94.5
Percent change -- year ago	5.9	5.2	3.0	2.6	5.5	9.6	7.6	7.7	6.4	6.6	5.3	4.9
New Home Prices - Median ($1000)	106.1	110.6	113.0	111.5	113.5	114.7	115.5	116.7	92.0	104.0	113.2	117.9
Percent change -- year ago	13.4	16.3	16.1	7.7	7.0	3.7	2.2	4.7	9.1	12.9	8.8	4.2
FINANCIAL MARKETS												
Long-Term Interest Rates												
30-year Fixed Rate Mortgage (FHA Secondary)	10.7	10.8	10.2	10.3	10.5	10.6	10.8	11.0	9.3	10.2	10.4	10.9
1-year ARM (without buydown)	8.3	8.2	7.5	7.3	7.3	7.5	7.7	8.0	7.9	8.2	7.4	8.0
Corporate AAA Bond Rate	9.8	10.2	9.6	9.7	9.9	10.0	10.2	10.4	9.0	9.4	9.8	10.3
Government Bond Rate	9.1	9.2	8.6	8.8	9.0	9.1	9.3	9.5	7.8	8.6	8.9	9.4
Short-Term Interest Rates												
Federal Funds Rate	6.8	6.9	6.6	6.8	6.9	7.0	7.2	7.3	6.8	6.7	6.8	7.4
3-month T-Bill Rate	6.0	5.9	5.7	6.0	6.2	6.3	6.5	6.6	6.0	5.8	6.1	6.4
Prime Rate	8.4	8.9	8.6	8.6	8.8	8.8	8.9	9.0	9.2	8.2	8.7	9.1
Discount Rate	5.7	6.0	6.0	6.0	6.0	6.0	6.2	6.4	6.3	5.7	6.0	6.0
Value of the U.S. Dollar (Trade-Weighted Avg.)	98.7	92.3	90.3	89.8	87.8	85.1	84.1	83.2	112.3	96.9	88.3	82.7
Percent change	7.2	-23.5	-9.6	-7.4	-11.0	-7.8	-6.9	-7.3	-21.6	-13.6	-8.9	-6.3

Source: Forecast produced using Laurence H. Meyer and Associates' model of the U.S. economy.
Assumptions and simulations by Dr. John Tuccillo, Dr. Frederick Flick and Sean Burns.

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